STATE OF WORKING ILLINOIS
POLICY BRIEF

Illinois Workers in Crisis

by

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Introduction

The State of Working Illinois 2008 reported on economic and labor conditions through about the middle of that year. The data presented there barely registered the earliest effects of an economic downturn that is now threatening to be more severe than any the country has experienced since the 1930s. There is no reason to believe that we have yet hit the bottom of this economic cycle: there are more troubling times ahead for Illinois workers and their families. Nevertheless, now that year-end data on employment and other economic measures have been released, it is useful to determine what happened to Illinois workers and their families during 2008. This policy brief provides a picture of the Illinois labor force in crisis.

Context

Between 1990 and 2007, the economies of both the nation and Illinois expanded considerably. Gross Domestic Product (GDP) and the size of nonfarm employment, traditional indicators of growth, both registered yearly gains, except for the impact of the mild recessions of 1990-91 and 2001 (see Figures 1 and 2).[1] From 1990 through 2007, the nation's GDP expanded by 65.1%, while Illinois experienced a somewhat less robust increase of 51.2%. At the national level, nonfarm employment grew by 26.3% between 1990 and 2007, while in Illinois it increased by only 13.5%.

These overall increases in GDP and nonfarm employment are impressive, but the rate of gain for both indicators was considerably slower after 2000 (see Table 1). This anemic post-2000 growth was accompanied by continuing asset price inflation, especially in the housing and equities markets, a combination suggesting a country teetering on the verge of finan-

Figure 1

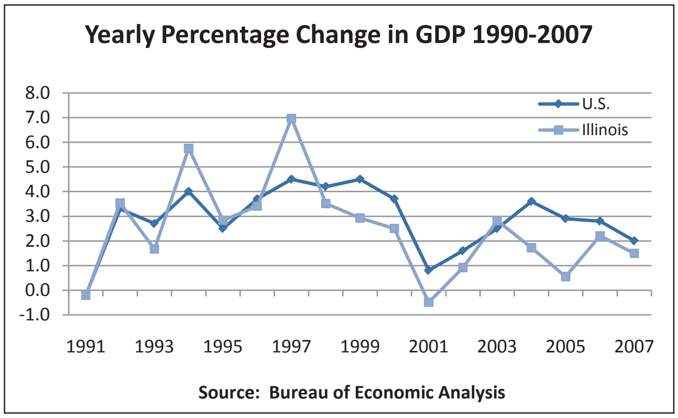
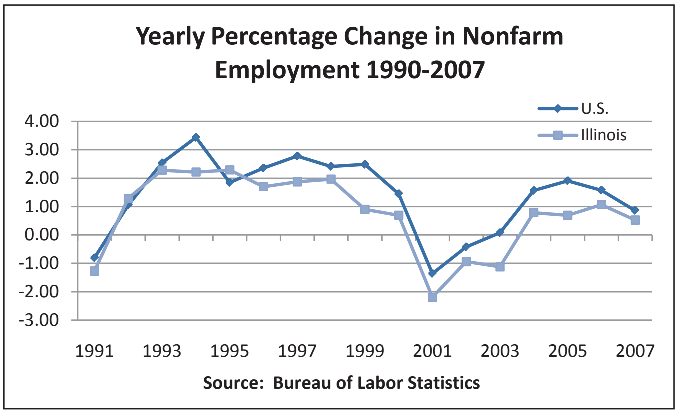


Figure 2



1 GDP data are from the Bureau of Economic Analysis and are measured in chained 2000 dollars; the data on nonfarm employment are from the Bureau of Labor Statistics. Both the 1990-91 and March through November 2001 recessions had contraction phases of eight months; see National Bureau of Economic Research, "Business Cycle Expansions and Contractions" at http://www.nber.org/cycles/cyclesmain.html.

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cial crisis.[2] By mid-2007 that crisis erupted. It began with the collapse of the sub-prime mortgage market, quickly extended well beyond that market, and has since escalated into a nearly full-scale meltdown of the country's banking and financial systems.

Table 1
Average Annual Change in Growth Indicators

	U.S.		Illinois	
	GDP	Nonfarm Employment	GDP	Nonfarm Employment
1993-2000	3.71%	2.41%	3.70%	1.73%
2001-2007	2.05%	0.59%	1.31%	-0.17%

Source: Bureau of Economic Analysis and Bureau of Labor Statistics

By mid-2007 many borrowers with questionable or poor credit who had secured sub-prime mortgage loans were defaulting on their obligations. But these now nearly worthless mortgages had long since been packaged into securities sold on the country's and world's financial markets. Thus, the sub-prime mortgage collapse immediately imperiled not only the institutions that had originated the mortgages but also other financial institutions that had invested in the mortgage-backed securities. The immediate effects included a sharp plunge in stock-market values and a severe contraction of credit available for consumer and business loans.[3] Through this virtual credit freeze, the default contagion quickly affected the prime mortgage market and all other aspects of the economy. The resulting general slowdown of economic activity produced more job losses, which further depressed demand and made additional contributions to the downturn and growing joblessness. The economy limped through the rest of the year, contracting by –0.2% in the fourth quarter, while finally (and formally) lapsing into recession as of December 2007.[4]

2 Carmen M. Reinhart and Kenneth S. Rogoff, "The Aftermath of Financial Crises," paper presented at the meetings of the American Economic Association, San Francisco, CA, January 2009.

3 From its peak to it lowest point in 2007-08, the DOW lost 43.9% of its value, and the Standard & Poor's 500 stock index dropped by 52%. Also see Federal Reserve Statistical Release, "Consumer Credit" (December 2008).

4 National Bureau of Economic Research, "Determination of the December 2007 Peak in Economic Activity" (11 December 2008); Bureau of Economic Analysis, "Gross Domestic Product: Fourth Quarter 2008" (30 January 2009). All measurements of GDP are in chained 2000 dollars.

The nation's real GDP for 2008 showed a meager 1.1% increase over 2007, the smallest yearly gain since 2000-01. Growth in the first and second quarter was sluggish, only 0.9% and 2.8%, respectively, mainly dragged down by lagging personal expenditures for durable goods. The third and fourth quarters of 2008 showed the economy contracting, by –0.5% and –6.2%, respectively. Nearly all of the GDP components registered declines in these quarters, including steep fourth-quarter declines of –22.4% in personal expenditures for durable goods and –27.8% in private investment in residential housing.[5]

Table 2 shows that the real value of the country's GDP in the fourth quarter of 2008 was lower than it had been since the second quarter of 2007. Economists pointed out that the only reason the fourth-quarter numbers weren't worse was due to unanticipated growth in inventories. But this buildup means that producers will have to cut back even further on output and jobs in coming weeks, so that the GDP decline in the first quarter of 2009 is likely to be even larger.[6]

Table 2
Real U.S. GDP by Quarters

	Billion*	% Change
2007 Q1	$ 11,357.8	0.1
Q2	$ 11,491.4	4.8
Q3	$ 11,625.7	4.8
Q4	$ 11,620.7	-0.2
2008 Q1	$ 11,646.0	0.9
Q2	$ 11,727.4	2.8
Q3	$ 11,712.4	-0.5
Q4	$ 11,525.0	-6.2

*chained 2000 dollars

Source: Bureau of Economic Analysis

It was within this context of seven years of sluggish economic growth and lagging job creation that the sub-prime mortgage bubble burst. No doubt in-

5 See Bureau of Economic Analysis, "Table 1. Real Gross Domestic Product and Related Measures: Percent Change From Preceding Period," in "Gross Domestic Product: Fourth Quarter 2008" (30 January 2009 and 27 February 2009).

6 Maura Reynolds and Peter Nicholas, "Recession worst in 25 years," *Chicago Tribune*, 31 January 2009, 1:18; and David Leonhardt, "It's Bad, But 1982 Was Worse," *The New York Times*, 21 January 2009, B1 and B4.

creasing joblessness, stagnant wages, and escalating living costs – especially skyrocketing fuel prices and corresponding jumps in food costs – combined to make it impossible for many sub-prime borrowers either to make their mortgage payments or to refinance their loans. When large numbers of these borrowers defaulted, the financial instruments secured by their mortgages plunged in value, imperiling the solvency of the financial institutions that held them. The impact on the nation's credit markets was swift and severe: money for business, commercial, and residential loans dried up and activity in these spheres quickly ground to a virtual standstill. The nation's and the state's housing and employment indicators quickly registered the effects of this economic turbulence. As activity in the housing market dried up in the later months of 2007, construction employment dropped by 191,000 nationally, and during 2008 another 670,000 construction jobs vanished.[7]

7 The numbers are from the Bureau of Labor Statistics and measure seasonally adjusted employment in December of each year. The total decline in construction employment from December 2006 to 2008 was 861,000 nationally. Illinois lost 2,800 construction jobs between 2006 and 2007 and another 34,000 over the following twelve months.

The Housing Crisis

From the second to the third quarter of 2007, the delinquency rate for sub-prime loans increased by 18.4% nationwide. Sub-prime delinquency shot up another 6.1% in the fourth quarter of 2007; by the end of the third quarter of 2008 it had reached 20.03%, so that one of every five sub-prime mortgages was in jeopardy of default.[8] The actual foreclosure rate lagged behind the delinquency rate, of course. Nevertheless, there were over 2.2 million foreclosure filings involving 1.3 million properties in 2007, an increase of 74.9% in the number of properties compared to 2006. In 2008 there were over 3.1 million foreclosure filings involving 2.3 million properties, an increase of 81.2% in total properties since 2007 and a 225% increase over total properties from 2006. In 2008 nearly 2 percent of all U.S. housing units (1 in 54) received at least one foreclosure filing.[9]

Table 3
Change in Foreclosure Activity in Illinois

		Properties	
	Filings	Number	% Increase
2007	90,782	64,310	24.3
2008	115,063	99,488	54.7

Source: RealtyTrac.com

Foreclosure filings also shot up quickly in Illinois (see Table 3). The twelve months of 2008 saw 115,063 filings that involved 99,488 properties, an increase of 54.7% over the number of properties in 2007 and a 126.01% increase over 2006. In both years, Illinois ranked 9th nationally in the total number of foreclosure filings.[10]

Figure 3 presents the pattern of foreclosure filings by month, showing the steep increase that occurred over the final months of the year.

While the increases in foreclosure filings and in the number of properties involved were widespread within Illinois, they were especially large in the Chicago area. The number of foreclosure filings in the Chicago MSA increased by 50.1% from 2006 to 2007 and by another 53.4% over the course of the following year.[11] The number of properties involved in foreclosure increased by 31.7% between 2006 and 2007, and by 59.4% between 2007 and 2008. By the end of 2008, there were 57,927 properties in the six-county Chicago Metro area that were involved with foreclosure, nearly double (99.8% increase) the num-

8 The delinquency rate can be followed in Standard & Poor's, *Residential Real Estate* Indicators.

9 RealtyTrac.com, Annual Reports on U.S. Foreclosure Activity, 2006, 2007, and 2008.

10 RealtyTrac.com, U.S. Foreclosure Market Data by State, 2006, 2007, and 2008.

11 RealtyTrac.com, Foreclosure Activity for the Nation's 100 Largest MSAs, reports for 2006, 2007, and 2008.

ber that had been so involved in 2006.[12] The nearly sixty thousand Chicago-area properties in foreclosure in 2008 represented 58.2% of the total number of properties involved in foreclosure in Illinois.

With foreclosures increasing, lenders became wary of initiating new loans. The resulting contraction of credit availability led to a sharp downturn in housing sales (see Table 4). The slump in the housing market in 2007 and 2008 was more severe in Illinois than it was in the nation as a whole. And within Illinois, the downtown was especially marked in the Chicago metropolitan area. Of course, this fall off in housing sales was quickly followed by drops in the sales of durable goods (appliances, etc.) that home buyers typically purchase.

12 Woodstock Institute, "The Chicago Region's Foreclosure Problem Continued to Grow in 2008" (January 2009).

Even families that were not trying to buy or sell a home were affected by these developments. The market value of their home, most often the largest single investment that middle-class families have, fell. Between December 2007 and December 2008, the median price for homes fell by –15.3% nationally, and by –11.4% in the Midwest.[13] The corresponding decline in Illinois was –16.0%, and it was an even higher –17.3% in the Chicago PMSA.[14] The month-by-month data presented in Figure 4 show the deterioration of home prices in Illinois during 2008.

13 National Association of Realtors, "Sales Prices of Existing Homes." The "Midwest" used in this report includes the East and West North Central States.

14 Illinois Association of Realtors, "Illinois Homes Sales" (26 January 2009).

Figure 3

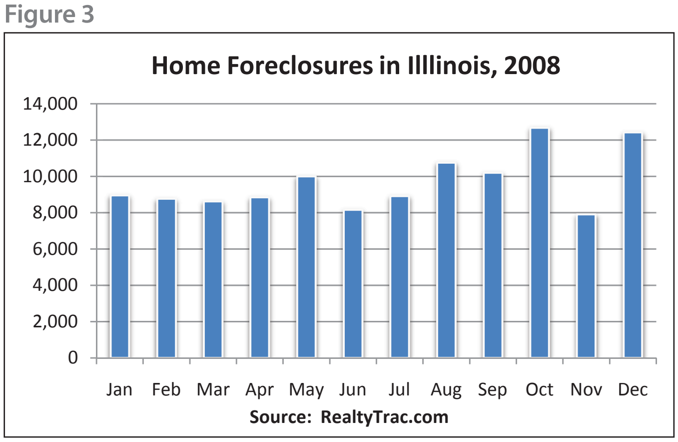


Figure 4

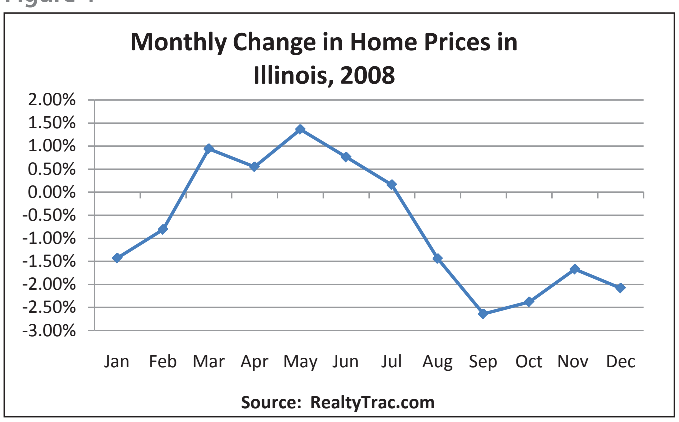


Table 4
Declines in Housing Sales, 2006-08

	Nation		Illinois		Chicago PMSA	
	Number	% Change	Number	% Change	Number	% Change
2006	6,478,000	NA	168,038	NA	116,527	NA
2007	5,652,000	-12.7	139,803	-16.8	92,657	-20.4
2008	4,912,000	-13.1	107,680	-23.2	68,676	-25.9

Sources: National Association of Realtors and Illinois Association of Realtors

The Employment Crisis

As the housing bubble burst and credit contracted, the nation's employment picture deteriorated. The number of jobless and the unemployment rate inched slowly upward over the second-half of 2007. By December the unemployment rate stood at 4.9%, a half percentage point increase from its March low, and the number of jobless grew by 804,000 over those months. Through the early months of 2008, the indicators fluctuated around those levels, but the pace of deterioration accelerated thereafter, as nonfarm employment dropped and joblessness increased (see Figures 5 and 6).

When the BLS released the 2008 year-end jobs numbers, the size and breadth of the losses were arresting. Nearly all industries reported job losses and the overall size of the decline (-524,000) was larger than any the country had experienced since World War II.[15] The nation's unemployment rate in December 2008 stood at 7.2%, a 2.3 percentage-point boost over the previous year, while total nonfarm employment was down 2,974,000 and the number of jobless was up by 3,567,000 (+47.3%) from the December 2007 level. This one-year increase in joblessness more than offset the meager three million jobs created in the previous eight years, which the *Wall Street Journal* characterized as the worst job-creation performance "since the government began keeping records."[16]

The drop in employment and increase in joblessness was widespread. From December 2007 through December 2008, forty-eight states and the District of Columbia experienced significant increases in their unemployment rates, while twenty-nine states reported significant decreases in total nonfarm employment. Both nationally and in most of the states, the deterioration in employment and upswing in joblessness were especially marked over the final-four months of 2008.[17]

The Illinois employment market followed the national pattern in its response to the twin housing and credit crises (see Figures 7, 8 and 9). The state's unemployment rate in 2007 slowly moved upward from a March low of 4.6% to the year's high of 5.3% in October-December. And the number of unemployed persons in the state increased by 37,576 from March through December. Then, after remaining steady for

15 Louis Uchitelle, "Broad Job Losses as Companies Face Sharp Downturn," *The New York Times*, 10 January 2009, A1 and A11; Maura Reynolds and Peter Nicholas, "Loss of jobs at worst level since WW II," *Chicago Tribune*, 10 January 2009, 1:1. The BLS later revised upward the job loss for December, placing it at 577,000; see *The New York Times*, 7 February 2009, p. B5.

16 The unemployment figures are seasonally adjusted and are from the Bureau of Labor Statistics; the *Wall Street Journal* observation is quoted in Andrew Leonard, "Summers' record in Clinton years trumps growing criticism," *Chicago Sun-Times*, 10 February 2009, p. 19. For a more complete comparison of the Bush years with other administrations since World War II, see Floyd Norris, "Economic Setbacks That Define the Bush Years," *The New York Times*, 24 January 2009, p. B3.

17 Bureau of Labor Statistics, "Regional and State Employment and Unemployment: December 2008" (27 January 2009).

Figure 5

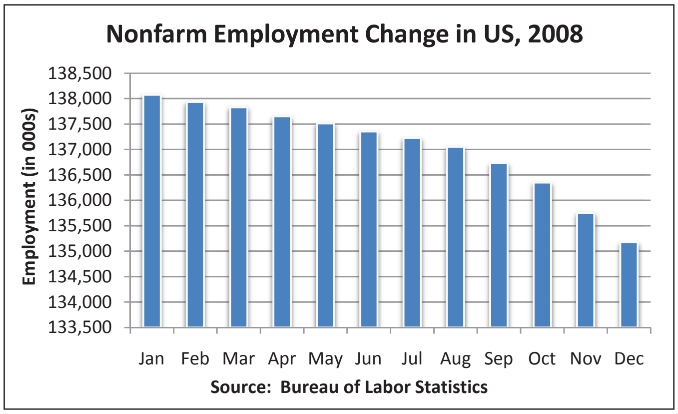
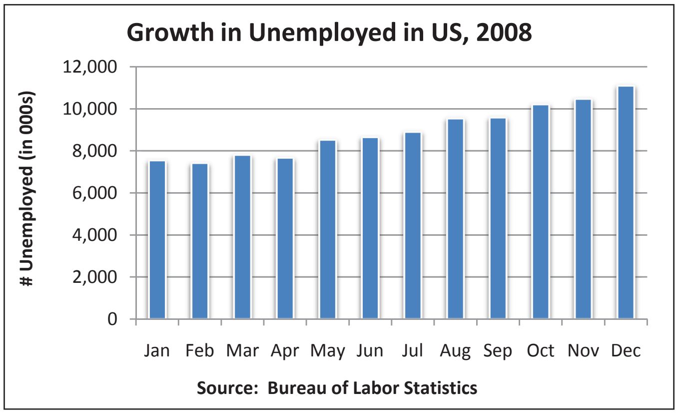


Figure 6



the last-three months of 2007, the state's unemployment rate jumped to 5.6% in January 2008, dropped slightly over the next two months, increased to 6.4% in May, and climbed to 7.6% by the end of the year. By December 2008, total nonfarm employment in Illinois was down by 100,700, and the number of jobless stood at 505,315, up 145,221 (+40.3%) over the December 2007 level.[18]

While these national and state numbers are extremely bad, even frightening, they do not fully capture the magnitude of the employment crisis. The BLS measurement of unemployment does not include "marginally attached workers," i.e., those out-of-work persons who have given up looking for a job but indicate they want and are available for employment.[19] The BLS employment survey also doesn't include those categorized as "part-time for economic reasons," i.e., those who want a full-time job but have been able to obtain only part-time work. Including these two categories along with the officially unemployed yields a more complete and accurate measure of labor underutilization or underemployment. The BLS reported a 7.2% rate of unemployment at the national level for December 2008, but when marginally attached workers and the part-time for economic reasons are added, the seasonally adjusted underemployment rate increased to 13.5%, a level 87.5% above the official unemployment rate.[20]

Month-by-month underemployment reports are not available for individual states. But since the Illinois official unemployment rate exceeds the national rate, it is likely that the national ratios of marginally attached workers and part-time for economic reasons underestimate those measures for the state. Thus, applying the national ratios to the Illinois unem-

18 Nonfarm employment in Illinois was slightly higher in January 2008 than it had been in December 2007. So the January through December 2008 drop in nonfarm employment was –123,000.

19 "Discouraged workers," a subset of the marginally attached, give a job-market related reason for not currently looking for a job.

20 BLS, "Economic News Release" (6 February 2009), and the link to Table A-12, "Alternative measures of labor underutilization." The January 2009 rate of labor underemployment for the nation was 13.9%. The underemployment rate is calculated by adding together the numbers of unemployed, marginally attached workers, and part-time for economic reasons and dividing that sum by the size of the civilian labor force plus marginally attached workers.

Figure 7

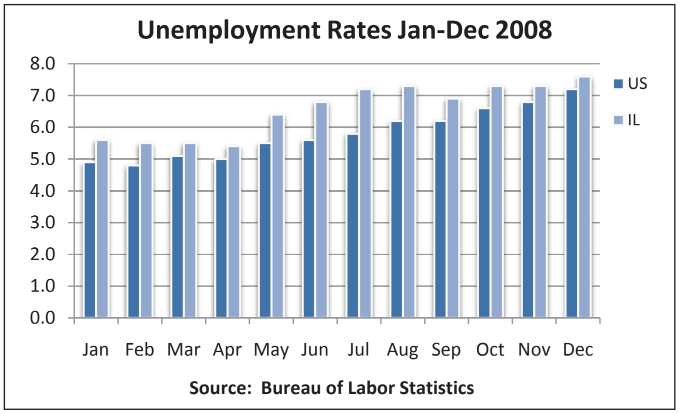


Figure 8

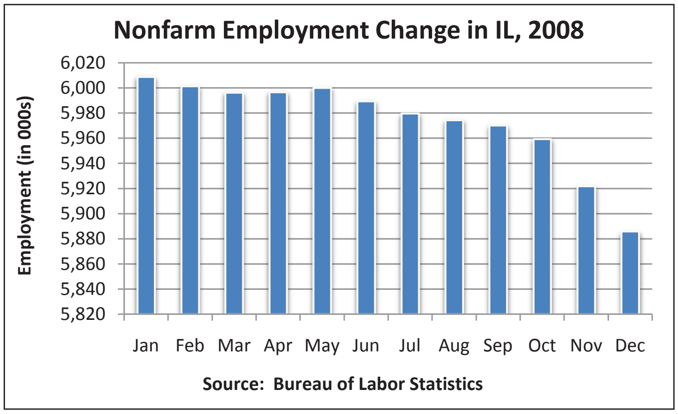
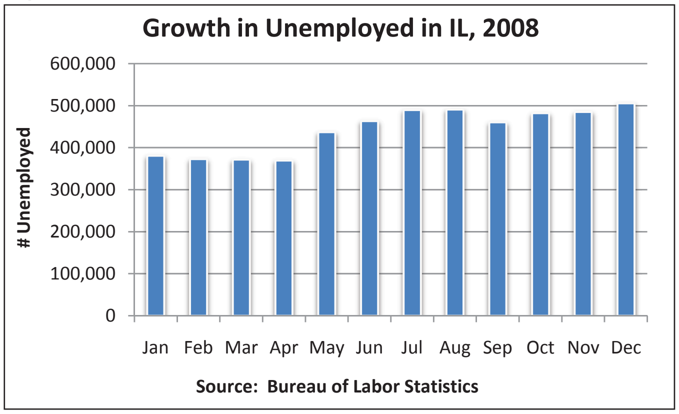


Figure 9



ployment rate seems a reasonable and conservative approach. Adding the marginally attached and the part-time for economic reasons to the official rate of unemployment brings the December 2008 Illinois underemployment rate to about 13.9%.[21]

The employment crisis in Illinois has hit nearly every industry and geographic area of the state. Table 5 shows the employment changes that have occurred within industries during 2008. With the exception of Education & Health Services, all have experienced job losses. Thus, unlike their counterparts during the recessions of 1990-91 and 2001, those currently being laid off don't have the option of seeking employment in an industry that continues to grow and to hire.

Nor does moving to another area of the state to seek employment hold much promise for those who have lost their jobs. Every metropolitan area of Illinois has experienced job losses and corresponding increases in unemployment during the past year (see Table 6).

21 For January 2009, the Illinois underemployment rate was 14.3%.

Table 5
Employment Change in Illinois Industries, 2008

Industry	2008		Change	
	Jan	Dec	Number	Percent
Construction	272,900	233,700	(39,200)	-14.4
Manufacturing	677,000	654,800	(22,200)	-3.3
Durable Goods	416,700	402,400	(14,300)	-3.4
Non-Durable Goods	260,300	252,400	(7,900)	-3.0
Trade, Transportation & Utilities	1,225,000	1,196,500	(28,500)	-2.3
Wholesale Trade	311,000	309,000	(2,000)	-0.6
Retail Trade	648,600	622,700	(25,900)	-4.0
Transportation & Utilities	265,400	264,800	(600)	-0.2
Information	116,900	113,800	(3,100)	-2.7
Financial Activities	404,900	393,400	(11,500)	-2.8
Profession & Business Services	873,600	861,900	(11,700)	-1.3
Education & Health Services	788,300	790,700	2,400	0.3
Leisure & Hospitality	527,600	521,900	(5,700)	-1.1
Other Services	261,000	256,800	(4,200)	-1.6

Source: Bureau of Labor Statistics

Table 6
Change in Unemployment by Metro Areas, 2008

Metro Area	2008		Increase	
	Jan	Dec	Number	Percent
Bloomington--Normal	4,658	4,857	199	4.3
Champaign--Urbana	6,859	7,443	584	8.5
Chicago--Naperville--Joliet	286,861	346,935	60,074	20.9
Danville	3,092	3,567	475	15.4
Davenport--Moline--Rock Island	11,353	12,502	1,149	10.1
Decatur	3,883	4,319	436	11.2
Kankakee--Bradley	5,283	6,015	732	13.9
Peoria	12,359	12,760	401	3.2
Rockford	14,980	22,534	7,554	50.4
Springfield	6,745	7,146	401	5.9

Source: Bureau of labor Statistics

Conclusion

As of February 2009, the country was in the fifteenth month of a very severe recession. This is already nearly twice the length of the recessions of 1990-91 and 2001, and only one month short of the full length of the recession of 1981-82.[22]

Almost daily since the beginning of the new year major companies have announced additional job cuts. On one day in mid-January, six companies announced a total of over 40,000 job cuts; toward the end of the month, an even higher single-day tally of 55,000 jobs disappeared.[23] Included among the companies making these job cuts were some stalwarts of the so-called "new economy": Pfizer, IBM Corp., Texas Instruments, Blue Cross Blue Shield, Advanced Micro Devices, Sprint Nextel, and Hertz Global Holdings. And in December 2008 manufacturing activity, the cornerstone of the "old economy," experienced a "breathtaking plunge," hitting its lowest level in nearly three decades.[24] What produced this sudden decline was the -27.7% fourth-quarter drop in U.S. export of goods.[25] This was a clear reflection of the global nature of the economic downturn and evidence that the U.S. couldn't depend on increasing exports to boost manufacturing activities and stimulate its domestic economy.

The severity and breadth of the current recession, in part, reflects the fact that it occurred after seven years of below-average economic growth and job creation. The brief downturns in 1990-91 and 2001 followed periods of reasonably robust expansion of GDP and employment. But by 2007 the U.S. economy was in its seventh year of tepid expansion, falling well short of post-World War II standards or of what was required to assure its capacity to absorb an ever-growing labor force. Moreover, the wage gains of most workers lagged even the mild inflation that marked the period, with the result that their incomes stagnated. Since the only post-1980 real increases in overall income went to those households in the top 20% of earners, income inequality increased sharply. This glaring and growing income inequality, which was eerily similar to developments in the 1920s, restrained the growth of aggregate demand, or rather limited it to upper-income earners.[26] But the sharp decline in the value of securities, a consequence of the housing and credit crises, reduced the incomes and wealth even of those in the top 20% of earners, which cut their demand for goods and services. Layoffs and lengthening unemployment among all categories of income earners further reduced aggregate demand. Even many who kept their jobs experienced pay cuts, salary freezes, and/or involuntary furloughs from work. As incomes declined, the revenues of government at all levels dropped, forcing cutbacks or even termination of programs and services needed by the increasing numbers of long-term unemployed. These reductions in income and employment further increased the default rates on mortgage and credit card debt, which then rippled through the financial system causing more uncertainty and additional drops in the values of securities.

Once it begins, this sort of downward economic spiral becomes self-reinforcing: financial insecurity works to reduce aggregate demand, which leads to more layoffs and losses of income, which then feed back to increase the overall levels of financial insecurity. It was the uninterrupted operation of this sort of process that turned the economic downturn that began in August/September 1929 into a 48-month long depression. That experience demonstrated that

22 The 1990-91 and 2001 recessions were each 8 months in length; and the Reagan recession, from July 1981 through November 1982, was 16 months long.

23 Associated Press, "Circuit City failure leads list of 40,000 job cuts," and Greg Burns, "Single-day tally: 55,000 jobs gone," *Chicago Tribune*, 17 and 27 January 2009, 1:16 and 1:15; Jeannine Aversa, "Bloody Monday: Firms announce thousands of more layoffs," *Chicago Sun-Times*, 27 January 2009, p. 31; and Catherine Rampell, "Layoffs Spread to More Sectors of the Economy," *The New York Times*, 27 January 2009, A1 and A20.

24 Joshua Boak, "Manufacturing activity hits lowest point in 28 years," Chicago Tribune, 3 January 2009, 1:17; Chicago Fed Midwest Manufacturing Index and U.S. Industrial Production, 29 December 2008.

25 Bureau of Economic Analysis, "Table 1: Real Gross Domestic Product and Related Measures," in "Gross Domestic Product: Fourth Quarter 2008" (30 January 2009).

26 For the growing income inequality in the nation, the Midwest, and Illinois, see *The State of Working Illinois 2008* (DeKalb, IL, 2008), pp. 12-13; and for the 1920s, see the data in *National Income 1929-32* (Washington, D.C.: Government Printing Office, 1934).

the longer the contraction period persists, the more difficult it becomes to bring about recovery and restore vitality to the economy. The current contraction is now in its fifteenth month with no sign that the bottom of the downturn has been reached.[27]

To the contrary, the pace of economic deterioration accelerated over the final-four months of 2008 and the first month of 2009. Faced with vanishing jobs, tanking home values, and declining investment portfolios, consumers cut back sharply on their spending over the final months of 2008. Since personal consumption expenditures account for over 70% of the nation's GDP, this cutback pushed that indicator into negative territory for the third and fourth quarters (see Table 2). Businesses responded to this slide in economic activity by lowering prices to maintain sales volume. At first glance, lower prices might seem like a benefit, especially to consumers; but persistent price declines drag down wages, home prices, and stock values. Dropping prices are already hurting the profits of businesses, forcing them to cut capital investment and lay off workers. "I think deflation is setting in," said Mark Zandi, chief economist at Moody's Economy.com. "Businesses are panicked and fighting for survival and slashing their payrolls. I think we're trapped in a very adverse, self-reinforcing cycle. The downturn is intensifying, and likely to intensify further unless policy makers respond aggressively." Allen Sinai, the chief economist at Decision Economics, an economic forecasting firm, judged that "the sweep of the [job] losses and the speed are depressionlike, and by that I mean like the 1930s." Since none of the economic indicators show signs of a turnaround, most economists expect the labor market to continue to shrink, with at least two million more jobs disappearing in 2009.[28]

Whenever recovery does begin, the economic indicators will not quickly rebound to their pre-recession levels. In past recessions, housing price declines had an average duration of about six years, and equity prices over three years.[29] In the recessions of the early 1980s and 1990s, real median household income dropped by over 5%, and in each instance it took over five years for the measure to come back to its pre-recession level. Moreover, employers have been reluctant to begin hiring back laid off workers in the early phases of recovery, fearing that the upturn won't last. It took five years for the unemployment rate to rebound to pre-recession levels following the downturns of 1981-82 and 1990-91[30]. So even if the recession ends sometime in 2010, unemployment rates are not likely to bounce back to the 4.6% registered in 2007 for years to come.

27 Edmund L. Andrews, "With Grim Job Loss Figures, No Sign That Worst Is Over," *The New York Times*, 7 February 2009, pp. B1 and B5. The reference is to the BLS report that 598,000 jobs were lost in January 2009.

28 Jeannine Aversa, "New economic fear: deflation," *Chicago Sun-Times*, 18 January 2009, p. 23A; Andrews, "Grim Job Loss Figures," *The New York Times*, 7 February 2009, quotations on p. B5; and David Pierson, "The risks of deflation," *Chicago Tribune*, 15 February 2009, 4:3.

29 Reinhart and Rogoff, "Aftermath of Financial Crises"; and Gail MarksJarvis, "Research suggests stock downturn likely to linger," *Chicago Tribune*, 15 February 2009, 4:2.

30 Gregory Acs, "Unemployment and Income in a Recession," The Urban Institute Series on Recession and Recovery, No. 1, December 2008.

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